Manitoba Lotteries Corporation

Mission

Manitoba Lotteries Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

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Manitoba Lotteries

FIRST QUARTER REPORT
(UNAUDITED)

FOR THE THREE MONTHS ENDED
JUNE 30, 2010

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries consolidated net income and comprehensive income for the 3 months ended June 30, 2010 was $87.3 million, an increase of $5.6 million from the same period last year. This change is due to increases of $3.1 million in the Casinos and $3.5 million in Lottery, offset by a decrease of $1.0 million in Video Lotto.

Revenue and other income, net of cost of sales, increased $12.8 million and operating expenses increased $0.1 million over the same period last year. Amortization, interest and GST expenses decreased $1.9 million, and allocations and payments increased by $8.9 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
3 Months Ended June 30th

	2010				2009
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$84,872	$58,623	$62,298	$205,793	$194,200
Cost of sales	8,849	2,372	40,867	52,088	53,259
	76,023	**56,251**	**21,431**	**153,705**	**140,941**
Expenses					
Operating	2,415	28,817	1,683	32,915	32,787
Amortization	2,594	4,853	-	7,447	8,828
Interest expense – long-term	641	1,779	60	2,480	2,596
Goods and services tax	613	236	3	852	1,298
	6,263	**35,685**	**1,746**	**43,694**	**45,509**
Income before Allocations and Payments	**69,760**	**20,566**	**19,685**	**110,011**	**95,432**
Allocations and Payments	**19,528**	**1,510**	**1,664**	**22,702**	**13,777**
Net Income and Comprehensive Income	**$50,232**	**$19,056**	**$18,021**	**$87,309**	**$81,655**

Notes to the Financial Statements

1. These financial statements should be read in conjunction with Manitoba Lotteries 2009 Annual Report.
2. These interim financial statements have been prepared following the same accounting policies as disclosed by Manitoba Lotteries 2009 Annual Report.
3. Comparative operational information have been reclassified to conform to the presentation of the current year financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
June 30th

	2010	2009
ASSETS		
Current Assets		
Cash	$ 23,909	$ 18,235
Accounts receivable	15,556	14,903
Prepaid expenses	6,600	6,488
Inventories	2,701	3,252
	48,766	42,878
Property and Equipment, and Other Assets	158,565	161,556
	$ 207,331	$ 204,434
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 34,135	$ 25,505
Payable to the Province of Manitoba	10,559	3,755
Current portion of long term debt	17,562	13,482
	62,256	42,742
Long Term Debt	139,214	156,125
Provision for Employee Pension Benefits	861	567
Retained Earnings	5,000	5,000
	$207,331	$204,434